

JAN 20 2017

A BILL FOR AN ACT

RELATING TO SCHOOL IMPACT FEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that school impact fees
2 are a method of financing new, or expanding existing, public
3 school facilities in partnership with developers of new
4 residential projects. In turn, state law requires developers to
5 contribute toward the construction of new, or the expansion of
6 existing, public schools that serve the surrounding communities.
7 Costs borne by developers and property purchasers are consistent
8 with proportionate fair-share principles that require
9 residential developments within designated school impact
10 districts to pay construction costs proportionate to their
11 impact.

12 The legislature further finds that, despite shifting
13 developmental and population patterns, school impact fees have
14 not been fully effectuated in Hawaii since their enactment in
15 2007. In high-growth areas like Kakaako, housing projects bring
16 new families into the area which increases the demand for public
17 school facilities. According to the Hawaii community



1 development authority, approximately five thousand new
2 condominium units are scheduled to be built in Kakaako by 2018,
3 with the population of the district expected to double and reach
4 thirty thousand people in the next fifteen years. Existing
5 school facilities cannot accommodate the projected growth in
6 student population.

7 The legislature additionally finds that school overcrowding
8 is a problem throughout Hawaii's public school system.

9 Innovative financial instruments are needed to finance new
10 school construction, as well as to provide funds to repair,
11 maintain, and upgrade existing school facilities.

12 Accordingly, the purpose of this Act is to expand the use
13 of funds collected from school impact fees to include:

- 14 (1) Leasing, purchasing, or constructing new school
15 facilities;
- 16 (2) Leasing or purchasing completed construction for
17 school use; and
- 18 (3) Improving or renovating existing school structures.

19 SECTION 2. Section 302A-1608, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§302A-1608 Accounting and expenditure requirements. (a)

2 Each designated school impact district shall be a separate
3 benefit district. Fees collected within each school impact
4 district shall be spent only within the same school impact
5 district for the purposes collected.

6 (b) Land dedicated by the developer shall be used only as
7 a site for the construction of one or more new schools or for
8 the expansion of existing school facilities. If the land is
9 never used for the school facility, it shall be returned to the
10 developer, or the developer's successor in interest. Once used,
11 the land may be sold, with the proceeds used to acquire land for
12 school facilities in the same school impact district.

13 (c) If the land is not used for a school facility within
14 twenty years of its dedication, it shall be returned to the
15 developer, or the developer's successor in interest.

16 (d) Once used for school facilities, all or part of the
17 land may be later sold. Proceeds from the sale shall be used to
18 acquire land for school facilities in the same school impact
19 district.

20 (e) Fee in lieu funds may be used for [~~school~~]:



- 1 (1) School site land acquisition and related expenses,
2 including surveying, appraisals, and legal fees [-];
- 3 (2) Leasing or purchasing completed construction for
4 school use;
- 5 (3) Constructing new school facilities at new or existing
6 school sites;
- 7 (4) Leasing land or facilities for school use; and
- 8 (5) Improving or renovating existing school structures for
9 school use.

10 ~~[With the exception of urban Honolulu, fee]~~ Fee in lieu funds
11 shall not be used ~~[for the maintenance or operation of existing~~
12 ~~schools in the district; construction costs, including~~
13 ~~architectural, permitting, or financing costs; or]~~ for
14 administrative expenses.

15 ~~[-(f) Notwithstanding any other law to the contrary, fee in~~
16 ~~lieu funds from projects within a county designated transit~~
17 ~~oriented development zone may also be used to purchase completed~~
18 ~~construction, construct new school facilities in new or existing~~
19 ~~school sites, improve or renovate existing structures for school~~
20 ~~use, or lease land or facilities for school use within a county~~
21 ~~designated transit oriented development zone.~~



1 ~~[(g)] Notwithstanding subsection (c), in urban Honolulu,~~
2 ~~fee in lieu funds may be used to purchase completed~~
3 ~~construction, construct new school facilities, improve or~~
4 ~~renovate existing structures for school use, or lease land or~~
5 ~~facilities for school use.~~

6 ~~[(h)]~~ (f) Construction cost component impact fees shall
7 be used only for the costs of new school facilities that expand
8 the student capacity of existing schools or ~~[adds]~~ add student
9 capacity in new schools. Construction cost component impact
10 fees may not be used to replace an existing school located
11 within the same school impact district, either on the same site
12 or on a different site.

13 ~~[(i)]~~ (g) Eligible construction costs include planning,
14 engineering, architectural, permitting, financing, and
15 administrative expenses, and any other capital equipment
16 expenses pertaining to educational facilities.

17 ~~[(j)]~~ (h) Construction cost component impact fees shall
18 not be expended for:

- 19 (1) The maintenance or operation of existing schools in
20 the district; or
21 (2) Portable or temporary facilities.

1 ~~[(k)]~~ (i) If a closure, demolition, or conversion of an
2 existing permanent department facility within a school impact
3 district that has the effect of reducing student capacity
4 occurs, an amount of new student capacity in permanent buildings
5 equivalent to the lost capacity shall not be funded with school
6 impact fees.

7 ~~[(l)]~~ (j) Fees in lieu, proceeds from the sale of all or
8 part of an existing school site that has been dedicated by a
9 developer pursuant to the requirements of this subpart, and
10 construction cost component impact fees shall be expended or
11 encumbered within twenty years of the date of collection. Fees
12 shall be considered spent or encumbered on a first-in, first-out
13 basis. An expenditure plan for all collected impact fees shall
14 be incorporated into the annual budget process of the department
15 and subject to legislative approval of the budget.

16 ~~[(m)]~~ ~~As used in this section, "urban Honolulu" means the~~
17 ~~Kalihi to Ala Moana school impact district.] "~~

18 SECTION 3. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act shall take effect upon its approval.

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S.B. NO. 612

Report Title:

School Impact Fees; Expenditure Requirements; Expansion

Description:

Expands the authorized uses of funds collected from school impact fees to include spending on new school facilities, purchase of completed construction for school use, and improvement of existing school structures.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

